



## STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Introduced:	02/23/07	Bill No:	<a href="#">AB 1610</a>
Tax:	Integrated Waste Management	Author:	Nunez
Related Bills:			

***This analysis will only address the proposal's provisions which impact the State Board of Equalization (Board).***

### **Bill SUMMARY**

This bill would increase the statutory cap on the Integrated Waste Management (IWM) fee from \$1.40 to \$2.00 per ton.

#### **CURRENT LAW**

Under current law, Section 48000 of the Public Resources Code imposes an IWM fee on each operator of a disposal facility based on the amount, by weight or volumetric equivalent, as determined by the California Integrated Waste Management Board (CIWMB), of all solid waste disposed of at each disposal site. The amount of the fee is established by the CIWMB at an amount that is sufficient to generate revenues equivalent to the approved budget for that fiscal year, including a prudent reserve, but shall not exceed \$1.40 per ton. The fee is currently set at \$1.40 per ton of solid waste disposed.

The IWM fee is collected by the Board and, after payment of refunds and administrative costs of collection, deposited in the Integrated Waste Management Account. The money in the account is used by the CIWMB, upon appropriation by the Legislature, for the following purposes:

- The administration and implementation of the *California Integrated Waste Management Act of 1989*, and
- The state water board's and regional water board's administration and implementation of the *Porter-Cologne Water Quality Control Act* at solid waste disposal sites.

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*

### PROPOSED LAW

This bill would amend Section 48000 of the Public Resources Code to increase the statutory cap on the IWM fee from \$1.40 to \$2.00 per ton.

As under current law, the additional revenue collected as a result of this bill would be remitted to the Board for deposit in the Integrated Waste Management Account.

### BACKGROUND

Assembly Bill 939 (Chapter 1095, Statutes of 1989) enacted *the California Integrated Solid Waste Management Act of 1989*. Among other things, AB 939 added Section 48000 to the Public Resources Code to require each operator of a solid waste landfill to pay a quarterly fee, in addition to the solid waste fee, to the Board based on all solid waste disposed of at each disposal site on or after January 1, 1990. The fee was initially set at \$0.50 per ton of waste disposed of during the period of January 1, 1990 through June 30, 1990. The fee for waste disposed of during the period of July 1, 1990 through June 30, 1991 was to be set by the CIWMB at an amount sufficient to generate revenues equivalent to the approved budget for the 1990-91 fiscal year, including a prudent reserve, but not to exceed \$0.75 per ton.

In 1993, AB 1220 (Chapter 656) consolidated the solid waste fee and the IWM fee into a single IWM fee. The IWM fee was set at \$1.34 per ton at for the 1994-95 fiscal year. That bill also provided that commencing with the 1995-96 fiscal year the amount of the fee established by the CIWMB be an amount to generate sufficient revenues, as specified, but in an amount not to exceed \$1.40 per ton.

### IN GENERAL

Effective July 1, 1994, the IWM fee was set at \$1.34, pursuant to AB 1220. The CIWMB approved an increase to the fee at their June 2001, Board Meeting to \$1.40 per ton, the maximum allowed by statute, effective July 1, 2002.

### COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to provide additional funding for the programs currently funded by the IWM fee, such as the permitting and inspection of solid waste facilities, cleanup of abandoned waste sites, public education, and alternatives to land disposal.
2. **This bill does not increase the fee.** This bill simply increases the statutory cap on the IWM fee from \$1.40 to \$2.00 per ton. In order to increase the IWM fee (if this measure were successfully signed into law), a new rate would have to be set by the CIWMB in an "amount sufficient to generate revenues equivalent to the approved budget for that fiscal year, including a prudent reserve."

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*

3. **This bill could increase revenues deposited into the Integrated Waste Management Account.** Current law provides under Section 48001 that revenue from the IWM fees paid shall, after payment of refunds and administrative costs of collection, be deposited in the Integrated Waste Management Account. Accordingly, any additional revenue generated due to an increase in the fee by the CIWMB would be deposited in the Integrated Waste Management Account.
4. **Board staff does not foresee any administrative problems with this bill.** Increasing the current statutory cap for the IWM fee would not be problematic for the Board.

### **COST ESTIMATE**

This bill would not increase administrative costs to the Board because it only increases the statutory cap of the IWM fee. However, the Board would incur administrative costs if the rate of the IWM fee is adjusted by the CIWMB. These administrative costs would include informing the fee payers and Board staff, reprogramming, developing new returns, and answering inquiries from the public. A cost estimate of this workload is pending; however, it is estimated these costs would be insignificant (under \$10,000).

### **REVENUE ESTIMATE**

#### **BACKGROUND, METHODOLOGY, AND ASSUMPTIONS**

Starting with fiscal year 2007-08, this bill would authorize CIWMB to set the amount of the IWM fee at an amount that is sufficient to generate revenues equivalent to the approved budget for that fiscal year, including a prudent reserve, but which shall not exceed \$2.00 per ton.

The Board's Environmental Fees Division indicated that solid waste disposal in fiscal year 2005-06 was 42.4 million tons. At the current fee amount of \$1.40 per ton, estimated revenue amounts to \$59 million ( $\$1.40 \times 42.4$  million tons = \$59 million). If the CIWMB set the amount of the fee at the proposed statutory cap of \$2.00 per ton, the estimated revenue amounts to \$85 million ( $\$2 \times 42.4$  million tons = \$85 million). Increasing the fee to the proposed cap would result in a revenue increase of \$25 million ( $\$85$  million -  $\$59$  million = \$25 million).

#### **REVENUE SUMMARY**

This bill could increase IWM fees by \$25 million annually if the CIWMB sets the amount of the fee to the proposed statutory cap of \$2.00 per ton.

Analysis prepared by:	Cindy Wilson	916-445-6036	03/29/07
Revenue estimate by:	Ronil Dwarka	916-445-0840	
Contact:	Margaret S. Shedd	916-322-2376	
Is			1610-1CW.doc

*This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.*